

US No. 10 DOWLING ST.

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NEW WHITNEY

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MR ~~LEWIS~~ O'NEILL  
MR J THOMAS  
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TO IMMEDIATE FCO

TELEGRAM NUMBER 53 OF 10 JULY

INFO PRIORITY DEPT OF ENERGY, TREASURY, OECD PARIS

ADVANCE COPY

MARKED

OPEC MINISTERIAL MEETING, VIENNA, 10 JULY

1. THE MINISTERIAL MEETING WAS PRECEDED BY A MEETING OF THE OPEC MONITORING COMMITTEE ON 9 JULY WHICH RECOGNISED THAT THE WORLD OIL MARKET IS STILL WEAK AND OVER-SUPPLIED AND RECOMMENDED THE MAINTENANCE OF THE EXISTING OPEC PRODUCTION CEILING OF 17.5 MILLION BARRELS PER DAY AND THE PRESENT PRICE OF 29 DOLLARS PER BARREL FOR MARKER CRUDE. THE MONITORING COMMITTEE'S CHAIRMAN, OTAIBA, CLAIMED THAT THERE WAS NO PRESSURE FROM MEMBER COUNTRIES, INCLUDING NIGERIA, FOR INCREASED INDIVIDUAL QUOTAS.

2. THE MINISTERIAL MEETING IS STILL IN PROGRESS AND IS EXPECTED

2. THE MINISTERIAL MEETING IS STILL IN PROGRESS AND IS EXPECTED TO CONTINUE UNTIL 11 JULY. IN HIS OPENING SPEECH, THE RE-ELECTED PRESIDENT, MAGHUR OF LIBYA, CLAIMED THAT THE DISCIPLINE SHOWN BY OPEC MEMBERS IN CONTROLLING DISCIPLINE WAS RESPONSIBLE FOR THE PRESENT REASONABLY STABLE MARKET CONDITIONS IN THE FACE OF WEAK DEMAND AND OVER SUPPLY. NON-OPEC PRODUCERS (BRITAIN AND NORWAY WERE MENTIONED SPECIFICALLY) WERE CRITICISED FOR LACK OF RESTRAINT IN PRODUCTION AND ACCUSED OF OVER SUPPLYING AND DE-STABILISING THE MARKET. ANOTHER FACTOR HAD BEEN DE-STOCKING BY INDUSTRIALISED COUNTRIES. MEXICO, ON THE OTHER HAND, WAS PRAISED AS A NON-OPEC MEMBER WHICH HAD EXERCISED RESTRIANT IN PRODUCTION. MAGHUR APPEALED FOR CLOSER CO-OPERATION BETWEEN OPEC AND NON-OPEC PRODUCERS IN THE FUTURE.

3. THERE HAVE BEEN NO FORMAL STATEMENTS BY DELEGATES SINCE THE CONFERENCE COMMENCED BUT OFF-THE-CUFF COMMENTS INDICATE THAT THE GENERAL FEELING IS THAT THERE IS LITTLE CHANCE FOR OPEC BUT TO CONTINUE TO EXERCISE RESTRAINT AND THAT CHANGES, EITHER IN OVERALL AND INDIVIDUAL PRODUCTION QUOTAS OR IN PRICE, ARE UNLIKELY.

4. FURTHER REPORT TO FOLLOW.

ALEXANDER

NNNN

SENT AT 10/1647Z DP KK

RECD AT 10/1652Z JW